

REFERENCE TITLE: special districts; secondary levy limits.

State of Arizona
Senate
Forty-eighth Legislature
Second Regular Session
2008

SB 1256

Introduced by
Senators Burns, Gorman: Harper

AN ACT

AMENDING SECTIONS 42-17001, 42-17003, 42-17004, 42-17005, 42-17052, 42-17054, 42-17055 AND 48-807, ARIZONA REVISED STATUTES; AMENDING TITLE 48, CHAPTER 5, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 48-808; AMENDING SECTIONS 48-1104 AND 48-3620, ARIZONA REVISED STATUTES; AMENDING TITLE 48, CHAPTER 21, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 48-3620.03; AMENDING SECTIONS 48-3903, 48-4023, 48-4023.01 AND 48-5805, ARIZONA REVISED STATUTES; RELATING TO SECONDARY PROPERTY TAXES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 42-17001, Arizona Revised Statutes, is amended to
3 read:

4 42-17001. Definitions

5 In this chapter, unless the context otherwise requires:

6 1. "Commission" means the property tax oversight commission
7 established by section 42-17002.

8 2. "Political subdivision" means a county, charter county, city,
9 charter city, town or community college district.

10 3. "SPECIAL TAXING DISTRICT" MEANS:

11 (a) A FIRE DISTRICT ESTABLISHED PURSUANT TO TITLE 48, CHAPTER 5.

12 (b) A COUNTY TELEVISION IMPROVEMENT DISTRICT ESTABLISHED PURSUANT TO
13 TITLE 48, CHAPTER 7.

14 (c) A COUNTY FLOOD CONTROL DISTRICT ESTABLISHED PURSUANT TO TITLE 48,
15 CHAPTER 21, ARTICLE 1.

16 (d) A COUNTY FREE LIBRARY DISTRICT ESTABLISHED PURSUANT TO TITLE 48,
17 CHAPTER 24.

18 (e) A COUNTY JAIL DISTRICT ESTABLISHED PURSUANT TO TITLE 48,
19 CHAPTER 25.

20 (f) A SPECIAL HEALTH CARE DISTRICT ESTABLISHED PURSUANT TO TITLE 48,
21 CHAPTER 31.

22 (g) A PUBLIC HEALTH SERVICES DISTRICT ESTABLISHED PURSUANT TO TITLE
23 48, CHAPTER 33.

24 Sec. 2. Section 42-17003, Arizona Revised Statutes, is amended to
25 read:

26 42-17003. Duties

27 A. The commission shall:

28 1. Establish procedures for deriving the information required by
29 sections 15-905.01, 15-1461.01 and 42-17107 and article 2 of this chapter.

30 2. Review the primary property tax levy of each political subdivision
31 to determine violations of sections 15-905.01, 15-1461.01 and 42-17107 and
32 article 2 of this chapter.

33 3. REVIEW THE SECONDARY PROPERTY TAX LEVY OF EACH SPECIAL TAXING
34 DISTRICT TO DETERMINE VIOLATIONS OF SECTIONS 48-807, 48-1104, 48-3620,
35 48-3903, 48-4023, 48-4023.01, 48-5565 AND 48-5805.

36 ~~3.~~ 4. Review the reports made by the department concerning valuation
37 accuracy.

38 ~~4.~~ 5. Hold hearings to determine the adequacy of compliance with
39 articles 2 and 3 of this chapter.

40 ~~5.~~ 6. Upon the request of a county, city, town or community college
41 district, hold hearings as prescribed in section 42-17004 regarding the
42 calculation of the maximum allowable primary property tax levy limits
43 prescribed in section 42-17051, subsection A.

44 B. If the commission determines that a political subdivision has
45 violated section 15-905.01, 15-1461.01 or 42-17107 or article 2 of this

chapter, OR THAT A SPECIAL TAXING DISTRICT HAS VIOLATED SECTION 48-807, 48-1104, 48-3620, 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805, then on or before September 15 the commission shall notify the political subdivision OR DISTRICT, and the county board of supervisors, in writing, of:

1. The nature of the violation.

2. The necessary adjustment to:

(a) The primary property tax levy and tax rate to comply with section 15-905.01, 15-1461.01 or 42-17107 or article 2 of this chapter.

(b) THE SECONDARY PROPERTY TAX LEVY AND TAX RATE TO COMPLY WITH SECTION 48-807, 48-1104, 48-3620, 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805.

Sec. 3. Section 42-17004, Arizona Revised Statutes, is amended to read:

42-17004. Hearing and appeals of commission findings

A. If the commission notifies a political subdivision of a violation of section 15-905.01, 15-1461.01 or 42-17107 or article 2 of this chapter, OR NOTIFIES A SPECIAL TAXING DISTRICT OF A VIOLATION OF SECTION 48-807, 48-1104, 48-3620, 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805, and the political subdivision OR DISTRICT disputes the commission's findings, then on or before October 1 the political subdivision OR DISTRICT may request a hearing before the commission to attempt to resolve the dispute.

B. A governing ~~board~~ BODY of a county, city, town, ~~or~~ community college district OR SPECIAL TAXING DISTRICT may request a hearing before the commission regarding the calculation of the maximum allowable primary OR SECONDARY property tax levy limits prescribed in section 42-17051, 48-807, 48-1104, 48-3620, 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805. The commission may resolve any disputes.

C. The commission shall conduct the hearing as prescribed in title 41, chapter 6, article 10.

D. If the dispute is resolved at the hearing, the commission shall immediately notify the county board of supervisors of the proper primary OR SECONDARY tax levy and tax rate.

E. If a political subdivision OR SPECIAL TAXING DISTRICT continues to dispute the commission's findings after the hearing under this section, the political subdivision OR DISTRICT may:

1. Appeal the matter to tax court within thirty days after the commission renders the decision.

2. Levy primary OR SECONDARY property taxes in the amount that the political subdivision OR DISTRICT considers to be proper, pending the outcome of the appeal.

Sec. 4. Section 42-17005, Arizona Revised Statutes, is amended to read:

42-17005. Adjustments to levy

A. If a governing body of a political subdivision OR A SPECIAL TAXING DISTRICT receives written notice of a violation of its allowable levy limit

1 or truth in taxation limit under section 42-17003, and has not appealed the
 2 commission's decision pursuant to section 42-17004, the governing body shall
 3 correct its ~~primary~~ property tax levy and tax rate to properly reflect the
 4 allowable levy for the current year. The county board of supervisors shall
 5 make the necessary adjustments to the political subdivision's ~~OR DISTRICT'S~~
 6 ~~primary~~ property tax levy and tax rate to ensure that the corrected
 7 information is contained in the assessment and tax roll that is transmitted
 8 to the county treasurer pursuant to section 42-18003. If the governing body
 9 receives the notice after it is too late to correct the levy in the current
 10 year, the difference between the amount actually levied and the allowable
 11 ~~primary~~ property tax levy shall be set aside in a special fund and used to
 12 reduce the ~~primary~~ property taxes levied in the following year.

13 B. If, after a hearing under section 42-17004, the commission
 14 determines that errors were made in the calculation of the maximum allowable
 15 primary property tax levy limit pursuant to section 42-17051, subsection A,
 16 ~~OR SECONDARY PROPERTY TAX LEVY LIMIT PURSUANT TO SECTION 48-807, 48-1104,~~
 17 ~~48-3620, 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805,~~ the commission
 18 shall have five days to notify the governing ~~board-of-a~~ BODY OF THE county,
 19 city, town, ~~or~~ community college district ~~OR SPECIAL TAXING DISTRICT~~ of the
 20 corrected levy limit. The commission shall also notify the county board of
 21 supervisors within five days. The corrected maximum allowable primary
 22 property tax levy shall be used in section 42-17051, subsection A, paragraph
 23 1 in determining the following year's levy limit. ~~THE CORRECTED MAXIMUM~~
 24 ~~ALLOWABLE SECONDARY PROPERTY TAX LEVY SHALL BE USED IN SECTION 48-807,~~
 25 ~~48-1104, 48-3620, 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805 IN~~
 26 ~~DETERMINING THE FOLLOWING YEAR'S LEVY LIMIT.~~

27 C. If, after a hearing under section 42-17004, it is impossible for
 28 the board of supervisors to correct a property tax levy in the current year,
 29 the political subdivision ~~OR SPECIAL TAXING DISTRICT~~ shall hold the
 30 difference between the amount the political subdivision ~~OR DISTRICT~~ actually
 31 levied and the allowable ~~primary~~ property tax levy prescribed by the
 32 commission in a separate fund to be used to reduce the ~~primary~~ property taxes
 33 levied by the political subdivision ~~OR DISTRICT~~ in the following year.

34 D. If the commission discovers that it has made an error in computing
 35 the levy limit after September 15, it shall notify the political
 36 subdivision's ~~OR SPECIAL TAXING DISTRICT'S~~ governing body about the error.
 37 The error shall be corrected as prescribed in subsection A of this section.
 38 If the error results in the maximum allowable ~~primary~~ property tax levy being
 39 raised: ~~,-~~

40 1. The corrected maximum allowable primary property tax levy shall be
 41 used in section 42-17051, subsection A, paragraph 1 in determining the
 42 following year's levy limit.

43 2. ~~THE CORRECTED MAXIMUM ALLOWABLE SECONDARY PROPERTY TAX LEVY SHALL~~
 44 ~~BE USED FOR THE PURPOSES OF SECTION 48-807, 48-1104, 48-3620, 48-3903,~~

1 48-4023, 48-4023.01, 48-5565 OR 48-5805 IN DETERMINING THE FOLLOWING YEAR'S
2 LEVY LIMIT.

3 E. If, on appeal under section 42-17004, subsection E, the ruling of
4 the court provides for a ~~primary~~ property tax levy in an amount that is less
5 than the amount levied by the political subdivision OR SPECIAL TAXING
6 DISTRICT, the political subdivision OR DISTRICT shall hold the difference
7 between the amounts in a separate fund to be used to reduce the ~~primary~~
8 property taxes levied by the political subdivision OR DISTRICT in the
9 following year.

10 Sec. 5. Section 42-17052, Arizona Revised Statutes, is amended to
11 read:

12 42-17052. Values furnished by county assessor

13 A. On or before February 10 of the tax year, the county assessor shall
14 transmit and certify to the property tax oversight commission and to the
15 governing body of the political subdivision or district in the county the
16 values that are required to compute the levy limit prescribed by ~~section~~
17 SECTIONS 42-17051, 48-807, 48-1104, 48-3620, 48-3903, 48-4023, 48-4023.01,
18 48-5565 AND 48-5805. For the purposes of this section, these values shall
19 not be changed for the official calculation of levy limits and tax rates
20 after February 10 without the approval of the property tax oversight
21 commission. These values shall include:

22 1. The finally equalized valuation of all property, less estimated
23 exemptions, appearing on the tax roll for the current tax year to be used to
24 fix, levy and assess the political subdivision's taxes.

25 2. The value of the property on the personal property tax roll
26 determined pursuant to section 42-17053.

27 B. On or before February 10 of the tax year, the county assessor shall
28 determine the limited property value for the current tax year of each school
29 district in the county and shall transmit the values to the county school
30 superintendent to assist the superintendent in computing equalization
31 assistance for education as provided in section 15-991.

32 C. On or before February 10 of the tax year, the county assessor shall
33 transmit to the staff of the joint legislative budget committee and to the
34 governor's office of strategic planning and budgeting the values that are
35 required to compute the truth in taxation rates prescribed by section
36 41-1276.

37 Sec. 6. Section 42-17054, Arizona Revised Statutes, is amended to
38 read:

39 42-17054. Levy limit worksheet

40 A. When the county assessor transmits valuations under section
41 42-17052, the assessor shall prepare and transmit a final levy limit
42 worksheet to each city, town and community college district that imposes a
43 primary property tax, TO EACH SPECIAL TAXING DISTRICT THAT IMPOSES A
44 SECONDARY PROPERTY TAX and to the property tax oversight commission.

B. Each city, town, ~~and~~ community college district AND SPECIAL TAXING DISTRICT shall notify the property tax oversight commission in writing within ten days of its agreement or disagreement with the final levy limit worksheet.

Sec. 7. Section 42-17055, Arizona Revised Statutes, is amended to read:

42-17055. Public inspection of values used in computing levy limitation

A. On or before February 15 of the tax year, the governing body of each county, city, town, ~~and~~ community college district AND SPECIAL TAXING DISTRICT shall make available for public inspection the values determined in each numbered paragraph of section 42-17051, subsection A AND IN SECTION 48-807, 48-1104, 48-3620, 48-3903, 48-4023, 48-4023.01, 48-5565 AND 48-5805.

B. The property tax oversight commission shall not alter the values that have been determined and made available for public inspection under this section unless the county assessor transmits and certifies new values to the governing body. The new values shall be made available for public inspection on the request of any individual.

Sec. 8. Section 48-807, Arizona Revised Statutes, is amended to read:

48-807. County fire district assistance tax; annual budget

A. The board of supervisors of a county shall levy, at the time of levying other property taxes, a county fire district assistance tax on the taxable property in the county of not more than ten cents per one hundred dollars of assessed valuation. The tax levy provided for in this subsection shall be a levy of secondary property taxes and shall not be subject to title 42, chapter 17, article 2. The county treasurer shall pay to each fire district, including a fire district formed pursuant to section 48-851, in the county from the proceeds of the tax an amount equal to twenty per cent of the property tax levy adopted by the district for the fiscal year in which the tax will be levied, except that:

1. The amount of assistance from the county to a fire district shall be reduced as follows:

(a) By the dollar amount that the fire district receives from the fire district assistance tax that exceeds three hundred thousand dollars from and after June 30 of each fiscal year.

(b) Except as provided in paragraph 2 OF THIS SUBSECTION, if the total amount to be paid to all districts in the county under this paragraph exceeds the amount to be raised by the levy of ten cents per one hundred dollars assessed valuation, then the county treasurer shall pay an amount less than twenty per cent of the property tax levy of each district. The amount to be paid by the county treasurer to each district shall be determined by multiplying the proceeds of the county fire district assistance tax against the proportion that twenty per cent of the property tax levy of each district bears to the total of twenty per cent of the property tax levies of all fire districts in the county.

1 2. For fiscal years beginning from and after July 1, 1992, the amount
2 of assistance from the county to a fire district shall not be less than the
3 assistance provided from and after June 30, 1991 through June 30, 1992, if,
4 for the fiscal year in which the tax will be levied, the district levies a
5 tax, in addition to any tax levied under section 48-806, of three dollars per
6 one hundred dollars of assessed valuation and the assessed valuation is at
7 least ninety per cent of the assessed valuation for the 1991 tax year. This
8 paragraph does not apply to fire districts subject to paragraph 1,
9 subdivision (a) **OF THIS SUBSECTION.**

10 B. For the purpose of subsection A of this section, the property tax
11 levy of the fire district shall include in lieu contributions pursuant to
12 chapter 1, article 8 of this title but shall not include property tax levies
13 to be applied to the payment of principal and interest on bonds issued
14 pursuant to section 48-806.

15 C. Notwithstanding subsection A of this section, if two or more fire
16 districts merge to form a consolidated district, the last amount received by
17 each fire district from the fire district assistance tax prior to the merger
18 shall be combined, and if the combined amount exceeds three hundred thousand
19 dollars, the consolidated district may continue to receive that amount from
20 the fire district assistance tax.

21 D. If two or more fire districts merge to form a consolidated district
22 and the total of the amounts received by each fire district from the fire
23 district assistance tax is less than three hundred thousand dollars, the
24 consolidated district may continue to receive monies until its receipts total
25 three hundred thousand dollars, as prescribed in subsection A of this
26 section.

27 E. Not more than ten days after the perfection of the organization of
28 a fire district, and thereafter not later than August 1 of each year, the
29 chief and the secretary-treasurer of the district, or if there is a district
30 board, the chairman of the board, shall submit to the board of supervisors an
31 estimate, certified by items, of the amount of money required for the
32 equipment and maintenance of the district for the ensuing year.

33 F. The board, based on the budget submitted by the district, shall
34 levy, in addition to any tax levied as provided in section 48-806 **AND SUBJECT**
35 **TO THE LIMITATION PRESCRIBED BY SUBSECTION G OF THIS SECTION,** a tax not to
36 exceed three dollars twenty-five cents per one hundred dollars of assessed
37 valuation against all property situated within the district boundaries and
38 appearing on the last assessment roll. The levy shall be made and the taxes
39 collected in the manner, at the time and by the officers provided by law for
40 the collection of general county taxes.

41 **G. THE AMOUNT OF THE LEVY UNDER SUBSECTION F OF THIS SECTION SHALL NOT**
42 **EXCEED AN AGGREGATE AMOUNT COMPUTED AS FOLLOWS:**

43 **1. FOR TAX YEAR 2008, THE LEVY SHALL NOT EXCEED THE AMOUNT OF THE LEVY**
44 **IN 2007, MULTIPLIED BY 1.10, OR THE AMOUNT OF LEVY ALLOWED BY THE MAXIMUM TAX**
45 **RATE PRESCRIBED BY SUBSECTION F OF THIS SECTION, WHICHEVER IS LESS.**

1 2. FOR TAX YEAR 2009 AND EACH TAX YEAR THEREAFTER:
2 (a) DETERMINE THE MAXIMUM ALLOWABLE LEVY FOR THE DISTRICT FOR THE
3 PRECEDING TAX YEAR.
4 (b) MULTIPLY THAT AMOUNT BY 1.02.
5 (c) DETERMINE THE ASSESSED VALUE FOR THE CURRENT TAX YEAR OF ALL
6 PROPERTY IN THE DISTRICT THAT WAS SUBJECT TO TAX IN THE PRECEDING TAX YEAR.
7 (d) DIVIDE THE DOLLAR AMOUNT DETERMINED IN SUBDIVISION (c) BY ONE
8 HUNDRED AND DIVIDE THE DOLLAR AMOUNT DETERMINED IN SUBDIVISION (b) BY THE
9 RESULTING QUOTIENT. THE RESULT, ROUNDED TO FOUR DECIMAL PLACES, IS THE
10 MAXIMUM ALLOWABLE TAX RATE FOR THE DISTRICT.
11 (e) DETERMINE THE FINALLY EQUALIZED VALUATION OF ALL PROPERTY, LESS
12 EXEMPTIONS, APPEARING ON THE TAX ROLL FOR THE CURRENT TAX YEAR, INCLUDING AN
13 ESTIMATE OF THE PERSONAL PROPERTY TAX ROLL DETERMINED PURSUANT TO SECTION
14 42-17053.
15 (f) DIVIDE THE DOLLAR AMOUNT DETERMINED IN SUBDIVISION (e) BY ONE
16 HUNDRED AND THEN MULTIPLY THE RESULTING QUOTIENT BY THE RATE DETERMINED IN
17 SUBDIVISION (d). THE RESULTING PRODUCT IS THE MAXIMUM ALLOWABLE SECONDARY
18 PROPERTY TAX LEVY FOR THE DISTRICT IN THE CURRENT TAX YEAR.
19 (g) THE ALLOWABLE LEVY OF SECONDARY PROPERTY TAX FOR THE CURRENT TAX
20 YEAR FOR ALL FIRE DISTRICTS IS THE MAXIMUM ALLOWABLE SECONDARY PROPERTY TAX
21 LEVY MINUS ANY AMOUNTS REQUIRED TO REDUCE THE LEVY PURSUANT TO SUBSECTION H
22 OF THIS SECTION.
23 H. THE DISTRICT SHALL MAINTAIN ANY PROPERTY TAX REVENUES IN EXCESS OF
24 THE SUM OF THE AMOUNT OF TAXES COLLECTIBLE PURSUANT TO SECTION 42-17054 AND
25 THE ALLOWABLE LEVY DETERMINED UNDER SUBSECTION G OF THIS SECTION IN A
26 SEPARATE FUND AND USED TO REDUCE THE PROPERTY TAX LEVY IN THE FOLLOWING YEAR.
27 TAX REVENUES THAT ARE ATTRIBUTABLE TO THE PAYMENT OF DELINQUENT TAXES THAT
28 WERE PROPERLY ASSESSED IN PRIOR YEARS SHALL NOT BE APPLIED TO REDUCE THE LEVY
29 THE FOLLOWING YEAR.
30 I. THE LEVY LIMIT UNDER THIS SECTION IS CONSIDERED TO BE INCREASED
31 EACH YEAR TO THE MAXIMUM LIMIT PERMISSIBLE UNDER SUBSECTION G OF THIS SECTION
32 REGARDLESS OF WHETHER THE DISTRICT ACTUALLY LEVIES TAXES UP TO THE MAXIMUM
33 PERMISSIBLE AMOUNT IN THAT YEAR.
34 ~~G.~~ J. The county treasurer shall keep the money received from taxes
35 levied pursuant to subsection F of this section in a separate fund known as
36 the "fire district fund" of the district for which collected. Any surplus
37 remaining in the fund at the end of the fiscal year shall be credited to the
38 fire district fund of the district for which collected for the succeeding
39 fiscal year.
40 ~~H.~~ K. When a fire district has adopted a budget and the board of
41 supervisors has levied a fire district tax as provided in subsection F of
42 this section and the district has insufficient money in its fund with the
43 county treasurer to operate the district, the elected chief and the
44 secretary-treasurer, or if there is a district board, the chairman of the
45 board, on or after August 1 of each year, may draw warrants for the purposes

1 prescribed in section 48-805 on the county treasurer, payable on November 1
2 of that year or on April 1 of the succeeding year. The aggregate amounts of
3 the warrants may not exceed ninety per cent of the taxes levied by the county
4 for the district's current fiscal year. If the treasurer cannot pay a
5 warrant for lack of funds in the fire district fund, the warrant shall be
6 endorsed, be registered, bear interest and be redeemed as provided by law for
7 county warrants, except that the warrants are payable only from the fire
8 district fund.

9 Sec. 9. Title 48, chapter 5, article 1, Arizona Revised Statutes, is
10 amended by adding section 48-808, to read:

11 48-808. Fire district secondary property tax override

12 A. THE DISTRICT BOARD OR THE ELECTED CHIEF AND SECRETARY-TREASURER MAY
13 ORDER AN ELECTION BY THE QUALIFIED ELECTORS OF THE DISTRICT TO AUTHORIZE A
14 SECONDARY PROPERTY TAX LEVY THAT EXCEEDS THE LIMITATIONS ON SECONDARY
15 PROPERTY TAXATION OTHERWISE PRESCRIBED BY SECTION 48-807, SUBSECTION G. IF
16 THE DISTRICT IS GOVERNED BY A BOARD OF DIRECTORS, THE BOARD MUST ADOPT A
17 RESOLUTION, BY MAJORITY VOTE OF THE BOARD MEMBERS, TO ORDER THE ELECTION
18 UNDER THIS SECTION. THE AUTHORIZATION OF ADDITIONAL SECONDARY PROPERTY TAXES
19 UNDER THIS SECTION IS SUBJECT TO THE FOLLOWING CONDITIONS AND LIMITATIONS:

20 1. THE ELECTION MUST BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST
21 MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH
22 1, SUBDIVISION (d).

23 2. THE AUTHORIZATION FOR TAXES IN EXCESS OF THE LIMITATIONS OTHERWISE
24 PRESCRIBED SHALL NOT EXTEND FOR MORE THAN SEVEN YEARS.

25 3. THE RATE OF TAXATION UNDER THIS SECTION, PLUS THE RATE OF TAXATION
26 UNDER SECTION 48-807, SHALL NOT EXCEED THE MAXIMUM ALLOWABLE RATE PRESCRIBED
27 BY SECTION 48-807, SUBSECTION F.

28 B. THE CALL OF THE ELECTION MUST STATE:

29 1. THE NUMBER OF YEARS IN WHICH THE AUTHORITY TO LEVY TAXES IN EXCESS
30 OF THE LIMITATIONS OTHERWISE PRESCRIBED WILL BE IN EFFECT.

31 2. THE PURPOSE FOR REQUESTING ADDITIONAL SECONDARY PROPERTY TAX
32 REVENUE FOR THE DISTRICT.

33 3. IF THE VOTERS APPROVE THE LEVY:

34 (a) THE MAXIMUM DOLLAR AMOUNT OF ADDITIONAL SECONDARY PROPERTY TAX
35 THAT MAY BE COLLECTED IN EACH YEAR.

36 (b) THE ESTIMATED SECONDARY PROPERTY TAX RATE TO FUND THE PROPOSED
37 LEVY UNDER SUBDIVISION (a) IN THE FIRST TAX YEAR.

38 C. THE DISTRICT MAY USE REVENUES FROM AN ADDITIONAL LEVY PURSUANT TO
39 THIS SECTION ONLY FOR THE PURPOSES STATED IN THE RESOLUTION AND CALL OF THE
40 ELECTION. IF AN UNEXPECTED BALANCE OF MONIES COLLECTED PURSUANT TO THIS
41 SECTION REMAINS AFTER SATISFYING THE PURPOSE OF THE ADDITIONAL LEVY, THE
42 DISTRICT SHALL USE THE BALANCE TO REDUCE THE LEVY UNDER THIS SECTION IN THE
43 FOLLOWING YEAR. IF THE BALANCE EXCEEDS THE REQUIREMENTS FOR THE FOLLOWING
44 YEAR OR IF THE AUTHORITY TO LEVY THE ADDITIONAL TAX UNDER THIS SECTION
45 EXPIRES AND IS NOT RENEWED FOR A SUBSEQUENT TERM, THE DISTRICT SHALL USE THE

1 BALANCE TO REDUCE THE DISTRICT'S SECONDARY PROPERTY TAX LEVY PURSUANT TO
2 SECTION 48-807 IN THE FOLLOWING YEAR.

3 D. THE DISTRICT SHALL MAINTAIN AND SEPARATELY ACCOUNT FOR REVENUES
4 COLLECTED PURSUANT TO THIS SECTION IN A FUND IN THE DISTRICT TREASURY.

5 E. REVENUES COLLECTED PURSUANT TO THIS SECTION SHALL NOT BE INCLUDED
6 IN THE SECONDARY PROPERTY TAX LEVY LIMITATION PRESCRIBED BY SECTION 48-807,
7 SUBSECTION G FOR ANY SUBSEQUENT YEAR.

8 Sec. 10. Section 48-1104, Arizona Revised Statutes, is amended to
9 read:

10 48-1104. Financial statement; levy and collection of taxes;
11 limitation

12 A. On or before July 1 each year the board of directors shall prepare
13 a full and complete statement of the financial affairs of the district for
14 the preceding fiscal year and an estimate of the amount of money necessary to
15 be raised to defray district expenses during the next fiscal year. The
16 estimate shall be fully itemized and take into account any deficit or surplus
17 from the preceding fiscal year.

18 B. The board shall certify the estimate, and at the time county taxes
19 are levied the board of supervisors shall levy a tax sufficient to raise the
20 amount of the estimate NOT TO EXCEED THE LIMITATION AS PRESCRIBED BY
21 SUBSECTION C OF THIS SECTION. The taxes shall be assessed, levied and
22 collected in the same manner as county taxes.

23 C. BEGINNING IN TAX YEAR 2008, THE MAXIMUM AMOUNT OF A LEVY UNDER
24 SUBSECTION B OF THIS SECTION SHALL NOT EXCEED THE AMOUNT OF THE LEVY IN TAX
25 YEAR 2007, ADJUSTED ANNUALLY BY A PERCENTAGE EQUAL TO THE RATE OF CHANGE IN
26 THE LEVY LIMIT BETWEEN THE CURRENT YEAR AND THE PRECEDING YEAR FOR THE COUNTY
27 IN WHICH THE DISTRICT IS LOCATED AS DETERMINED PURSUANT TO SECTION
28 42-17051. THE LIMITATION UNDER THIS SUBSECTION SHALL BE INCREASED EACH YEAR
29 TO THE MAXIMUM PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT ACTUALLY
30 LEVIES THAT AMOUNT.

31 Sec. 11. Section 48-3620, Arizona Revised Statutes, is amended to
32 read:

33 48-3620. Certification and levy of taxes; limitation

34 A. The district ~~shall annually~~, not less than fifteen days before the
35 first day of the month in which the county board of supervisors is required
36 by law to levy county taxes, SHALL ANNUALLY certify to the board of
37 supervisors:

38 1. The amount of taxes to be levied in each year on the taxable real
39 property in the district as it considers necessary or appropriate to pay the
40 expenses of administering the district and maintaining and operating the
41 district's flood control system, to carry out its regulatory functions and to
42 carry out any of the objects and purposes of this article of common benefit
43 to the district. The maintenance and operation tax proceeds not used for
44 current expenses of maintenance and operation may either be paid into a
45 reserve to be accumulated for such purpose or may be used for extending,

1 improving and constructing the flood control system, including acquiring
2 rights-of-way.

3 2. The amount of taxes to be levied in each year on all taxable real
4 property in each zone or in any of the zones into which the district has been
5 divided, according to the benefits derived or to be derived by the respective
6 zones, to pay the cost and expenses of carrying out any of the objects or
7 purposes of this article of special benefit to the respective zones,
8 including acquiring, constructing, maintaining, operating, extending,
9 repairing or otherwise improving any or all flood control works or
10 improvements in the respective zones and including acquiring rights-of-way.
11 No revenues derived from any of the several zones from the taxes levied under
12 this section may be expended for acquiring, constructing, maintaining,
13 operating, extending, repairing or otherwise improving any works or
14 improvements located in any other zone, except under section 48-3620.01.

15 3. The amount of secondary property taxes necessary to be levied to
16 pay the principal and interest falling due during the ensuing year on, or to
17 provide a sinking fund for, any bonds issued pursuant to section 48-3619.

18 B. The taxes collected pursuant to this section shall be paid to the
19 district treasurer and used solely for the purpose for which they were
20 levied.

21 C. The board of supervisors at the time of levying general county
22 taxes shall levy and cause to be collected in the manner prescribed by law
23 for county taxes a property tax or taxes on the taxable real property in the
24 district, zone or zones sufficient to provide the amounts set forth in
25 subsection A of this section.

26 D. If the district fails to certify to the board of supervisors any of
27 the amounts of taxes necessary to be levied as required by this section, the
28 board of supervisors shall ascertain the amount which should have been
29 certified and shall levy the tax sufficient to produce such amount.

30 E. BEGINNING IN TAX YEAR 2008, THE MAXIMUM AMOUNT OF A LEVY UNDER
31 SUBSECTION A, PARAGRAPHS 1 AND 2 OF THIS SECTION SHALL NOT EXCEED THE AMOUNT
32 OF THE LEVY IN TAX YEAR 2007, ADJUSTED ANNUALLY BY A PERCENTAGE EQUAL TO THE
33 RATE OF CHANGE IN THE LEVY LIMIT BETWEEN THE CURRENT YEAR AND THE PRECEDING
34 YEAR FOR THE COUNTY IN WHICH THE DISTRICT IS LOCATED AS DETERMINED PURSUANT
35 TO SECTION 42-17051. THE LIMITATION UNDER THIS SUBSECTION SHALL BE INCREASED
36 EACH YEAR TO THE MAXIMUM PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT
37 ACTUALLY LEVIES THAT AMOUNT.

38 ~~E.~~ F. If a district is located in a county having a population of
39 less than six hundred thousand persons according to the most recent United
40 States decennial census, beginning with the 1993 tax year AND IN ADDITION TO
41 THE LIMITATION PRESCRIBED BY SUBSECTION E OF THIS SECTION, the aggregate
42 taxes levied in any year under this article by the district for the purposes
43 listed in subsection A, paragraph 1 of this section shall not exceed twenty
44 per cent of the county primary property tax rate exclusive of the state
45 equalization assistance property tax rate or fifty cents per one hundred

dollars of assessed valuation, whichever is greater. The aggregate taxes levied for any year under this article on property in a zone for the purposes listed in subsection A, paragraph 2 of this section in a district located in a county having a population of less than six hundred thousand persons according to the most recent United States decennial census, if added to the aggregate taxes, if any, levied for the purposes listed in subsection A, paragraph 1 of this section, shall not exceed twenty per cent of the county primary property tax rate exclusive of the state equalization assistance property tax rate or fifty cents per one hundred dollars of assessed valuation, whichever is greater. The taxes levied under this article in a district located in a county having a population of less than six hundred thousand persons according to the most recent United States decennial census may exceed the limits prescribed by this subsection if approved by a majority of the qualified electors of the district voting in a regular general election held pursuant to title 16, chapter 2, article 2 or at a special election held pursuant to title 16, chapter 2, article 3. The ballot for the election shall specifically state the proposed rate and the fiscal year or years in which the excess tax levies are proposed to be assessed.

Sec. 12. Title 48, chapter 21, article 1, Arizona Revised Statutes, is amended by adding section 48-3620.03, to read:

48-3620.03. Flood control district secondary property tax override

A. THE BOARD OF DIRECTORS MAY ORDER AN ELECTION BY THE QUALIFIED ELECTORS OF THE DISTRICT TO AUTHORIZE A SECONDARY PROPERTY TAX LEVY THAT EXCEEDS THE LIMITATIONS ON SECONDARY PROPERTY TAXATION OTHERWISE PRESCRIBED BY SECTION 48-3620, SUBSECTION E. THE BOARD MUST ADOPT A RESOLUTION, BY MAJORITY VOTE OF THE BOARD MEMBERS, TO ORDER THE ELECTION UNDER THIS SECTION. THE AUTHORIZATION OF ADDITIONAL SECONDARY PROPERTY TAXES UNDER THIS SECTION IS SUBJECT TO THE FOLLOWING CONDITIONS AND LIMITATIONS:

1. THE ELECTION MUST BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).

2. THE AUTHORIZATION FOR TAXES IN EXCESS OF THE LIMITATIONS OTHERWISE PRESCRIBED SHALL NOT EXTEND FOR MORE THAN SEVEN YEARS.

3. THE RATE OF TAXATION UNDER THIS SECTION, PLUS THE RATE OF TAXATION UNDER SECTION 48-3620, SHALL NOT EXCEED THE MAXIMUM ALLOWABLE RATE PRESCRIBED BY SECTION 48-3620, SUBSECTION F.

B. THE RESOLUTION AND CALL OF THE ELECTION MUST STATE:

1. THE NUMBER OF YEARS IN WHICH THE AUTHORITY TO LEVY TAXES IN EXCESS OF THE LIMITATIONS OTHERWISE PRESCRIBED WILL BE IN EFFECT.

2. THE PURPOSE FOR REQUESTING ADDITIONAL SECONDARY PROPERTY TAX REVENUE FOR THE DISTRICT.

3. IF THE VOTERS APPROVE THE LEVY:

(a) THE MAXIMUM DOLLAR AMOUNT OF ADDITIONAL SECONDARY PROPERTY TAX THAT MAY BE COLLECTED IN EACH YEAR.

(b) THE ESTIMATED SECONDARY PROPERTY TAX RATE TO FUND THE PROPOSED LEVY UNDER SUBDIVISION (a) IN THE FIRST TAX YEAR.

C. THE DISTRICT MAY USE REVENUES FROM AN ADDITIONAL LEVY PURSUANT TO THIS SECTION ONLY FOR THE PURPOSES STATED IN THE RESOLUTION AND CALL OF THE ELECTION. IF AN UNEXPECTED BALANCE OF MONIES COLLECTED PURSUANT TO THIS SECTION REMAINS AFTER SATISFYING THE PURPOSE OF THE ADDITIONAL LEVY, THE DISTRICT SHALL USE THE BALANCE TO REDUCE THE LEVY UNDER THIS SECTION IN THE FOLLOWING YEAR. IF THE BALANCE EXCEEDS THE REQUIREMENTS FOR THE FOLLOWING YEAR OR IF THE AUTHORITY TO LEVY THE ADDITIONAL TAX UNDER THIS SECTION EXPIRES AND IS NOT RENEWED FOR A SUBSEQUENT TERM, THE BOARD SHALL USE THE BALANCE TO REDUCE THE DISTRICT'S SECONDARY PROPERTY TAX LEVY PURSUANT TO SECTION 48-3620 IN THE FOLLOWING YEAR.

D. THE DISTRICT SHALL MAINTAIN AND SEPARATELY ACCOUNT FOR REVENUES COLLECTED PURSUANT TO THIS SECTION IN A FUND IN THE DISTRICT TREASURY.

E. REVENUES COLLECTED PURSUANT TO THIS SECTION SHALL NOT BE INCLUDED IN THE SECONDARY PROPERTY TAX LEVY LIMITATION PRESCRIBED BY SECTION 48-3620, SUBSECTION E FOR ANY SUBSEQUENT YEAR.

Sec. 13. Section 48-3903, Arizona Revised Statutes, is amended to read:

48-3903. Tax levies; limitation

A. The board of directors, after a county free library is established, shall annually levy in the same manner and at the same time as other county secondary property taxes are levied a county free library district tax sufficient to establish the district and to ~~insure~~ ENSURE the payment of salaries, maintenance and upkeep and other necessary expenses of the county free library district. The tax shall be levied and collected upon all property in the county and upon all property within incorporated cities and towns in the county.

B. BEGINNING IN TAX YEAR 2008, THE MAXIMUM AMOUNT OF A LEVY UNDER THIS SECTION SHALL NOT EXCEED THE AMOUNT OF THE LEVY IN TAX YEAR 2007, ADJUSTED ANNUALLY BY A PERCENTAGE EQUAL TO THE RATE OF CHANGE IN THE LEVY LIMIT BETWEEN THE CURRENT YEAR AND THE PRECEDING YEAR FOR THE COUNTY IN WHICH THE DISTRICT IS LOCATED AS DETERMINED PURSUANT TO SECTION 42-17051. THE LIMITATION UNDER THIS SUBSECTION SHALL BE INCREASED EACH YEAR TO THE MAXIMUM PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT ACTUALLY LEVIES THAT AMOUNT.

Sec. 14. Section 48-4023, Arizona Revised Statutes, is amended to read:

48-4023. Property tax levy; limitation

A. If a majority of the qualified electors voting at an election held pursuant to section 48-4021 ~~approves~~ APPROVE a county jail district ad valorem property tax, on or before the third Monday in August each year the district shall certify to the county board of supervisors the amount of taxes to be levied for the taxable year on the taxable property in the district which, together with unexpended balances carried forward from the previous

1 fiscal year and revenues from all other sources, is necessary to pay the
 2 maintenance and operation expenses of the district in carrying out the
 3 objects and purposes of this chapter.

4 B. The board of supervisors shall levy a secondary property tax on the
 5 taxable property in the district, at the same time and in the same manner as
 6 county taxes are levied, sufficient to provide the amount certified under
 7 subsection A of this section, but the tax ~~rate~~ is limited to, and shall not
 8 exceed in any event, THE LESSER OF:

9 1. Twenty cents per one hundred dollars of assessed valuation, except
 10 as provided in subsection ~~D~~ E of this section.

11 2. BEGINNING IN TAX YEAR 2008, THE AMOUNT OF THE LEVY IN TAX YEAR
 12 2007, ADJUSTED ANNUALLY BY A PERCENTAGE EQUAL TO THE RATE OF CHANGE IN THE
 13 LEVY LIMIT BETWEEN THE CURRENT YEAR AND THE PRECEDING YEAR FOR THE COUNTY IN
 14 WHICH THE DISTRICT IS LOCATED AS DETERMINED PURSUANT TO SECTION 42-17051.
 15 THE LIMITATION UNDER THIS PARAGRAPH SHALL BE INCREASED EACH YEAR TO THE
 16 MAXIMUM PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT ACTUALLY LEVIES
 17 THAT AMOUNT.

18 C. The tax revenues collected pursuant to this section shall be paid
 19 to the district treasurer and deposited in the county jail district general
 20 fund and used solely for the purposes for which they were collected.

21 ~~C~~ D. The tax shall be levied on all of the taxable property in the
 22 district.

23 ~~D~~ E. Notwithstanding subsection B of this section, for tax years
 24 2006, 2007 and 2008, the district may certify and the board of supervisors
 25 shall levy a secondary property tax on the taxable property in the district
 26 in an amount equal to the amount levied in tax year 2005.

27 Sec. 15. Section 48-4023.01, Arizona Revised Statutes, is amended to
 28 read:

29 48-4023.01. Property tax levy for juvenile detention
 30 facilities; limitation

31 A. If a majority of the qualified electors voting at an election held
 32 pursuant to section 48-4021 ~~approves~~ APPROVE an ad valorem property tax for
 33 the district that includes juvenile detention facilities or if a majority of
 34 the qualified electors voting at an election held pursuant to section 48-4004
 35 ~~approves~~ APPROVE the inclusion of juvenile detention facilities in a district
 36 that was created by an election held pursuant to section 48-4021, the
 37 district may impose an ad valorem property tax pursuant to this section. The
 38 district shall certify to the county board of supervisors on or before the
 39 third Monday in August of each year the amount of taxes to be levied in
 40 addition to the levy in section 48-4023 for the taxable year on the taxable
 41 property in the district. The amount certified together with unexpended
 42 balances carried forward from the previous fiscal year and revenues from all
 43 other sources shall be the amount necessary to pay the maintenance and
 44 operation expenses of the district in carrying out this chapter in relation
 45 to juvenile detention facilities.

B. The board of supervisors may levy a secondary property tax on the taxable property in the district at the same time and in the same manner as county taxes are levied in an amount that is sufficient to provide the amount certified pursuant to subsection A of this section. The tax ~~rate~~ is limited to THE LESSER OF:

1. Ten cents per one hundred dollars of assessed valuation, except as provided in subsection ~~D~~ E of this section.

2. BEGINNING IN TAX YEAR 2009, THE AMOUNT OF THE LEVY IN TAX YEAR 2008, ADJUSTED ANNUALLY BY A PERCENTAGE EQUAL TO THE RATE OF CHANGE IN THE LEVY LIMIT BETWEEN THE CURRENT YEAR AND THE PRECEDING YEAR FOR THE COUNTY IN WHICH THE DISTRICT IS LOCATED AS DETERMINED PURSUANT TO SECTION 42-17051. THE LIMITATION UNDER THIS PARAGRAPH SHALL BE INCREASED EACH YEAR TO THE MAXIMUM PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT ACTUALLY LEVIES THAT AMOUNT.

C. The tax revenues collected pursuant to this section shall be paid to the district treasurer for deposit in the county jail district general fund and shall be used solely for juvenile detention facilities.

~~C~~ D. The tax shall be levied on all of the taxable property in the district.

~~D~~ E. Notwithstanding subsection B of this section, for tax years 2006, 2007 and 2008, the district may certify and the board of supervisors shall levy a secondary property tax on the taxable property in the district in an amount equal to the amount levied in tax year 2005.

Sec. 16. Section 48-5805, Arizona Revised Statutes, is amended to read:

48-5805. Transaction privilege tax; property tax; limitation

A. The board of directors of the district by resolution may levy, and if levied, the department of revenue shall collect, a transaction privilege tax pursuant to this section to be used and spent for the purposes described in section 48-5804. The board shall set the rate of the tax at not more than two per cent of the tax rate that applies to each business in the district that is subject to taxation under title 42, chapter 5, article 1. The board shall levy the tax on each person engaging in the district in a business taxed under title 42, chapter 5, article 1.

B. Each month the state treasurer shall remit to the district treasurer the net revenues collected under subsection A of this section during the second preceding month. The district treasurer shall deposit the monies in the public health services district's accounts and shall account for all expenditures.

C. In lieu of a transaction privilege tax pursuant to subsection A of this section, the board by resolution may levy in the same manner and at the same time as other county secondary property taxes are levied a public health services district tax. The tax shall not exceed THE LESSER OF:

1 1. Twenty-five cents per one hundred dollars of assessed valuation and
2 shall be levied on all property in the county and on all property within
3 incorporated cities and towns in the county.

4 2. BEGINNING IN TAX YEAR 2008, THE AMOUNT OF THE LEVY IN TAX YEAR
5 2007, ADJUSTED ANNUALLY BY A PERCENTAGE EQUAL TO THE RATE OF CHANGE IN THE
6 LEVY LIMIT BETWEEN THE CURRENT YEAR AND THE PRECEDING YEAR FOR THE COUNTY IN
7 WHICH THE DISTRICT IS LOCATED AS DETERMINED PURSUANT TO SECTION 42-17051.
8 THE LIMITATION UNDER THIS PARAGRAPH SHALL BE INCREASED EACH YEAR TO THE
9 MAXIMUM PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT ACTUALLY LEVIES
10 THAT AMOUNT.

11 D. The district shall deposit all monies collected pursuant to this
12 subsection in a separate account and shall account for all expenditures.